

STATE OF WASHINGTON



OFFICE OF INSURANCE COMMISSIONER

BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF WASHINGTON

☐ The orders posted here are unverified electronic duplicates of the official orders actually entered. To be certain you have the official version of the order as entered, you should request a hard copy of the official version from the Commissioner's Public Disclosure Officer, Steve Carlsberg, 360-586-0691, or by e-mail: stevec@oic.wa.gov.

In the Matter of)	CONSENT AND ORDER TO LEVY FINE
HIGHLANDS INSURANCE		
COMPANY, LMI INSURANCE		
COMPANY, PACIFIC NATIONAL)	
INSURANCE COMPANY,		D 99-73
NORTHWESTERN NATIONAL)	
CASUALTY COMPANY		
)		
Authorized Insurers.)	
)	

FINDINGS:

On March 10, 1999, the Office of the Insurance Commissioner ("OIC") received a letter dated February 26, 1999, from Charles J. Bachand, Senior Vice President and Chief Financial Officer for the Highlands Insurance Group, whose members are Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company, asking for an extension of time to file annual statements for the aforementioned companies. The envelope in which this request was contained bore a postage meter stamp dated March 2, 1999. The envelope also bore a USPS stamp dated March 3, 1999. The Highlands Group also attempted to send a "fax" of the letter to Ron Pastuch to OIC on February 26,

1999, although OIC has no record of receiving it.

In a letter dated March 16, 1999, Chase H. Davis, Financial Analyst for the OIC, sent a letter to Charles J. Bachand explaining that, as the request for extension was not timely, and did not present reasons why an extension was necessary, the request was denied.

On March 22, 1999, OIC received annual statements from Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwest National Casualty Company.

On April 12, 1999, James E. Tompkins, of the Legal Affairs Division of the OIC wrote to Charles J. Bachand, Senior Vice President and Chief Financial Office for the Highlands Insurance Group, whose members are Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwest National Casualty

Company, regarding the late annual statements, offering him an opportunity to present any legal basis for avoiding disciplinary action in this matter. Neither Mr. Bachand nor any other representative of the Highlands Insurance Group, Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, or Northwestern National Casualty Company, replied to Mr. Tompkins' April 12, 1999 letter.

CONCLUSION:

By their failure to file annual statements before March 1, 1999, or to obtain an extension of time to do so prior to March 1, 1999, Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company violated RCW 48.05.250.

CONSENT TO ORDER

Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company hereby admit to the foregoing Findings and Conclusion.

The Commissioner has offered a settlement in lieu of suspending or revoking Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company's certificates of registration.

By agreement of the parties, the OIC will impose a fine of \$20,000 and suspend \$10,000 on condition that:

Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company pay \$10,000 of the fine for their past violations of Washington insurance law.

Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company file their Annual Statements for 1999 prior to March 1, 2000.

This fine must be paid in full within thirty days of the entry of this Order. Pursuant to RCW 48.44.166, failure to pay the fine within the allotted time shall constitute grounds for revocation of the insurers' certificates of registration, and for the recovery of the entire fine, including the suspended portion, in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED and AGREED this _____ day of _____, 1999.

HIGHLANDS INSURANCE COMPANY

Title: _____

Signed: _____

LMI INSURANCE COMPANY

Title: _____

Signed: _____

Title: _____

PACIFIC NATIONAL INSURANCE COMPANY,

Signed: _____

NORTHWESTERN NATIONAL
CASUALTY COMPANY

Title: _____

Signed: _____

ORDER:

Pursuant to RCW 48.44.166, the Insurance Commissioner hereby imposes a fine of Twenty Thousand Dollars, with Ten Thousand Dollars suspended, upon Highlands Insurance

Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company. The fine must be paid in full within thirty days of the date of entry of this order. Failure to pay the fine within the allotted time shall constitute grounds for the revocation of Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company's certifications of registration, and for the recovery of the full fine, including the suspended portion, in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

The Commissioner may impose the balance of the suspended fine and suspend or revoke Highlands Insurance Company, LMI Insurance Company, Pacific National Insurance Company, and Northwestern National Casualty Company's certificates of registration should they fail to meet the conditions set forth in the "Consent to Order" section of this document.

ENTERED AT OLYMPIA, WASHINGTON, this _____ day of _____, 1999.

DEBORAH SENN

Insurance Commissioner

By: _____

Carol Sureau

Enforcement Attorney

Office of the Insurance Commissioner